

1 **TITLE IV—MERGER OF BANK**  
2 **AND THRIFT HOLDING COMPA-**  
3 **NIES REGULATORS, AND BANK**  
4 **AND THRIFT INSURANCE FUNDS**

5 **SEC. 401. SHORT TITLE; DEFINITIONS.**

6 (a) SHORT TITLE.—This title may be cited as the  
7 “Thrift Charter Transition Act of 1998”.

8 (b) DEFINITIONS.—Unless otherwise defined in this  
9 Act, the terms “bank holding company”, “depository insti-  
10 tution”, “Federal savings association”, “insured deposi-  
11 tory institution”, “savings association”, “State bank”,  
12 and “State savings association” (as used in the uncodified  
13 provisions of this Act) have the same meanings as in sec-  
14 tion 3 of the Federal Deposit Insurance Act, as in effect  
15 on the day before the date of enactment of this Act.

16 **Subtitle A—Facilitating Conversion**  
17 **of Savings Associations to Banks**

18 **SEC. 411. BRANCHES OF FORMER SAVINGS ASSOCIATIONS.**

19 (a) BRANCHES.—

20 (1) EXISTING BRANCHES RETAINED.—Notwith-  
21 standing any other provision of law, any depository  
22 institution that qualifies under paragraph (2), and  
23 any successor to such an institution, may continue  
24 to operate any branch or agency that the institution  
25 operated as a branch or agency, or was in the proc-

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1       ess of establishing as a branch or agency, respec-  
2       tively, as of the date of enactment of the Thrift  
3       Charter Transition Act of 1998.

4               (2) DEPOSITORY INSTITUTION DEFINED.—A  
5       depository institution qualifies under this paragraph  
6       for purposes of paragraph (1) if the institution—

7               (A) is a savings association on the date of  
8       enactment of the Thrift Charter Transition Act  
9       of 1998; or

10              (B) has filed an application to become a  
11       savings association by the date of enactment of  
12       the Thrift Charter Transition Act of 1998.

13       (b) BRANCHING RIGHTS OBTAINED IN ASSISTED AC-  
14       QUISITIONS.—Notwithstanding any other provision of law,  
15       if a depository institution has branching rights under a  
16       contract entered into with the Federal Home Loan Bank  
17       Board or the Federal Savings and Loan Insurance Cor-  
18       poration or pursuant to a resolution of the Federal Home  
19       Loan Bank Board or action of the Office of Thrift Super-  
20       vision or Resolution Trust Corporation as part of a trans-  
21       action in which the depository institution acquired or  
22       merged with a failed or failing savings association (prior  
23       to 1992), the depository institution may continue to  
24       branch in a manner consistent with that contract, resolu-  
25       tion, or action.

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1       (c) INTRASTATE BRANCHES.—Any branch operated  
2 under subsection (a)(1) in a State other than the deposi-  
3 tory institution’s home State may acquire, establish or op-  
4 erate additional branches in the host State to the same  
5 extent as permitted for a national bank with its main of-  
6 fice located in the host State.

7   **SEC. 412. SAVINGS AND LOAN HOLDING COMPANIES.**

8       Section 3 of the Bank Holding Company Act of 1956  
9 (12 U.S.C. 1842) is amended by inserting after subsection  
10 (f) (as so redesignated by section 102(b)(2) of this Act)  
11 the following new subsection:

12       “(g) SAVINGS AND LOAN HOLDING COMPANY POW-  
13 ERS GRANDFATHERED.—

14       “(1) IN GENERAL.—A company that qualifies  
15 under paragraph (2) may—

16       “(A) maintain or enter into any nonbank  
17 affiliation that the company was permitted pur-  
18 suant to section 10 of the Home Owners’ Loan  
19 Act to maintain or enter into prior to becoming  
20 a bank holding company pursuant to paragraph  
21 (2)(C); and

22       “(B) engage in any activity, including  
23 holding any asset, in which the company or any  
24 affiliate described in subparagraph (A) was per-  
25 mitted pursuant to section 10 of the Home

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1 Owners' Loan Act to engage prior to becoming  
2 a bank holding company pursuant to paragraph  
3 (2)(C).

4 “(2) QUALIFIED GRANDFATHERED COMPA-  
5 NIES.—

6 “(A) GRANDFATHERED COMPANIES DE-  
7 FINED.—A company qualifies under this para-  
8 graph for purposes of paragraph (1) if—

9 “(i) as of September 16, 1997, the  
10 company (or any affiliate of such com-  
11 pany)—

12 “(I) was a savings and loan hold-  
13 ing company (as defined in section 10  
14 of the Home Owners' Loan Act, as in  
15 effect on that date); or

16 “(II) had filed an application to  
17 become a savings and loan holding  
18 company; and

19 “(ii) the company—

20 “(I) becomes a bank holding  
21 company by operation of law; or

22 “(II) was exempt from section 4  
23 (as in effect on the date of enactment  
24 of the Thrift Charter Transition Act  
25 of 1998) under an order issued by the

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1 Board under section 4(d) (as in effect  
2 on the date of enactment of the Thrift  
3 Charter Transition Act of 1998).

4 “(B) HOLDING COMPANIES WITH IDEN-  
5 TICAL SHAREHOLDERS.—A company also quali-  
6 fies under this paragraph for purposes of para-  
7 graph (1) if the company—

8 “(i) is formed by a company qualified  
9 under subparagraph (A); and

10 “(ii) the shareholders of such com-  
11 pany are identical to the shareholders of  
12 the company referred to in (i).

13 “(C) OPERATION OF LAW DEFINED.—For  
14 purposes of this subsection, a company becomes  
15 a bank holding company by operation of law if  
16 the company becomes a bank holding company  
17 because a savings association controlled by the  
18 company is treated as a bank under an amend-  
19 ment made by the Thrift Charter Transition  
20 Act of 1998.

21 “(3) REQUIREMENTS TO RETAIN GRAND-  
22 FATHERED POWERS.—

23 “(A) IN GENERAL.—Paragraph (1) shall  
24 cease to apply to a company if the company  
25 does not comply with this paragraph.

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1 “(B) ACQUISITION OF BANKS .—

2 “(i) IN GENERAL.—The company may  
3 not acquire (by any form of business com-  
4 bination) control of a bank after the date  
5 of enactment of the Thrift Charter Transi-  
6 tion Act of 1998.

7 “(ii) EXCEPTIONS TO PROHIBITION.—  
8 Clause (i) shall not apply to the acquisition  
9 of—

10 “(I) a bank, during the period  
11 ending on the date 2 years after the  
12 date of enactment of the Thrift Char-  
13 ter Transition Act of 1998, if the ac-  
14 quisition results from the treatment of  
15 a savings association as a bank under  
16 amendments made by the Thrift  
17 Charter Transition Act of 1998;

18 “(II) a bank, if the assets of such  
19 bank are merged with an insured de-  
20 pository institution which was con-  
21 trolled by such company before the  
22 date of enactment of the Thrift Char-  
23 ter Transition Act of 1998, and if the  
24 resulting institution complies with the

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1 requirements of Section 10(m) of the  
2 Home Owners' Loan Act;

3 “(III) shares held as a bona fide  
4 fiduciary (whether with or without the  
5 sole discretion to vote such shares);

6 “(IV) shares held by any person  
7 as a bona fide fiduciary solely for the  
8 benefit of employees of either the  
9 company or any subsidiary of the  
10 company and the beneficiaries of  
11 those employees;

12 “(V) an entity described in sec-  
13 tion 2(c)(2);

14 “(VI) shares held temporarily  
15 pursuant to an underwriting commit-  
16 ment in the normal course of an un-  
17 derwriting business;

18 “(VII) shares held in an account  
19 solely for trading purposes;

20 “(VIII) shares over which no  
21 control is held other than control of  
22 voting rights acquired in the normal  
23 course of a proxy solicitation;

24 “(IX) shares or assets acquired  
25 in securing or collecting a debt pre-

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1 viously contracted in good faith, dur-  
2 ing the 2-year period beginning on the  
3 date of such acquisition or for such  
4 additional time (not exceeding 3  
5 years) as the Board may permit if the  
6 Board determines that such an exten-  
7 sion will not be detrimental to the  
8 public interest;

9 “(X) a bank from the Federal  
10 Deposit Insurance Corporation, in any  
11 capacity; and

12 “(XI) a bank in an acquisition in  
13 which the bank has been found to be  
14 in danger of default by the appro-  
15 priate Federal or State authority.

16 “(C) ENFORCEMENT OF CERTAIN ASSET  
17 LIMITATIONS.—The company may not control a  
18 savings association if such savings association,  
19 or any successor to such association, fails to  
20 comply with the requirements of section 5(c)(2)  
21 and section 10(m) of the Home Owners’ Loan  
22 Act as in effect on the day before the date of  
23 the enactment of the Thrift Charter Transition  
24 Act of 1998.



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1           “(4) GRANDFATHERED POWERS NONTRANSFER-  
2       ABLE.—

3           “(A) IN GENERAL.—Paragraph (1) shall  
4       not apply with respect to any company if after  
5       the date of the enactment of the Thrift Charter  
6       Transition Act of 1998—

7           “(i) any company (other than a com-  
8       pany qualified under paragraph (2)) not  
9       under common control with such company  
10      as of that date acquires, directly, or indi-  
11      rectly, control of the company; or

12          “(ii) the company is the subject of  
13      any merger, consolidation, or other type of  
14      business combination as a result of which  
15      a company (other than a company quali-  
16      fied under paragraph (2)) not under com-  
17      mon control with such company acquires,  
18      directly or indirectly, control of such com-  
19      pany.

20          “(B) ANTI-EVASION.—The appropriate  
21      Federal banking agency may issue interpreta-  
22      tions, regulations, or orders that it deems nec-  
23      essary to administer and carry out the purpose,  
24      and prevent evasions, of this paragraph, includ-  
25      ing determining that (notwithstanding the form

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1 of a transaction) the transaction would in sub-  
2 stance effect a change in control.

3 “(5) SAVINGS AND LOAN HOLDING COMPANIES  
4 THAT BECOME BANK HOLDING COMPANIES.—

5 “(A) EXCLUSION FROM APPLICATION RE-  
6 QUIREMENT.—A company that qualifies under  
7 subparagraph (B) shall not be required to ob-  
8 tain the approval of the Board under subsection  
9 (a) to become a bank holding company if such  
10 company becomes a bank holding company after  
11 the date of enactment of the Thrift Charter  
12 Transition Act of 1998 as a result of the con-  
13 version of a savings association subsidiary to a  
14 bank or by virtue of the treatment of a savings  
15 association subsidiary as a bank under an  
16 amendment made by the Thrift Charter Transi-  
17 tion Act of 1998.

18 “(B) COMPANIES EXCLUDED FROM APPLI-  
19 CATION REQUIREMENT.—A company qualifies  
20 for purposes of subparagraph (A) if the com-  
21 pany, as of the date of the enactment of the  
22 Thrift Charter Transition Act of 1998, was a  
23 savings and loan holding company (as defined  
24 in section 10(a) of the Home Owners’ Loan Act  
25 as in effect on that date) or has filed an appli-

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1 cation to become a savings and loan holding  
2 company.

3 “(C) SUPERVISION AND REGULATION OF  
4 COMPANIES THAT WERE PREVIOUSLY SAVINGS  
5 AND LOAN HOLDING COMPANIES.—

6 “(i) IN GENERAL.—Any company that  
7 qualifies under paragraph (2) and complies  
8 with paragraph (3) and was registered and  
9 regulated under section 10 of the Home  
10 Owners’ Loan Act on the day before be-  
11 coming a bank holding company described  
12 in paragraphs (2) and (3) shall continue to  
13 be regulated, for a period of 3 years after  
14 becoming such holding company, under the  
15 terms of section 10 of the Home Owners’  
16 Loan Act in the same manner and to the  
17 same extent and subject to the same re-  
18 quirements as by the Office of Thrift Su-  
19 pervision before the date of the enactment  
20 of the Thrift Charter Transition Act of  
21 1998.

22 “(ii) HOLDING COMPANY CAPITAL EX-  
23 CEPTION.—With regard to holding com-  
24 pany capital, any company that qualifies  
25 under paragraph (2) and complies with

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1 paragraph (3) and was registered and reg-  
2 ulated under section 10 of the Home Own-  
3 ers' Loan Act before June 19, 1997, or  
4 had an application pending to do so on  
5 such date, shall continue to be regulated  
6 under the terms of section 10 of the Home  
7 Owners' Loan Act in the same manner and  
8 to the same extent and subject to the same  
9 requirements as by the Office of Thrift Su-  
10 pervision before the date of the enactment  
11 of the Thrift Charter Transition Act of  
12 1998.

13 “(iii) SUBMISSIONS TO REGU-  
14 LATORS.—A company shall provide for a  
15 period of 3 years after becoming a bank  
16 holding company described in paragraphs  
17 (2) and (3) the appropriate Federal bank-  
18 ing agency with—

19 “(I) notice of acquisition of any  
20 company not controlled or affiliated  
21 on the date of enactment of the Thrift  
22 Charter Transition Act of 1998 that  
23 is engaged in nonbanking activities  
24 within 15 days after completion of  
25 any such transaction; and

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1 “(II) copies of such quarterly and  
2 annual reports as it is otherwise re-  
3 quired to file with any other govern-  
4 mental agency.

5 “(iv) REPORTING REQUIREMENTS.—  
6 The appropriate Federal banking agency  
7 may adopt, for a period of 3 years after a  
8 company becomes a bank holding company  
9 described in paragraphs (2) and (3), re-  
10 porting requirements substantially similar  
11 to and no more burdensome than required  
12 by the Office of Thrift Supervision as of  
13 January 1, 1997.

14 “(v) REGULATORY AUTHORITY.—The  
15 appropriate Federal banking agency shall,  
16 for a period of 3 years after a company be-  
17 comes a bank holding company described  
18 in paragraphs (2) and (3)—

19 “(I) have the same authority to  
20 examine a company or any subsidiary  
21 or affiliate thereof only to the same  
22 extent as the Office of Thrift Super-  
23 vision had as of January 1, 1997; and

24 “(II) conduct only the same type  
25 of examination and with the same fre-

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1 quency as the Office of Thrift Super-  
2 vision prior to January 1, 1997, un-  
3 less required to prevent an unsafe or  
4 unsound activity or course of conduct  
5 of the savings institution treated as a  
6 bank pursuant to the Thrift Charter  
7 Transition Act of 1998.”.

8 **SEC. 413. TREATMENT OF REFERENCES IN ADJUSTABLE**  
9 **RATE MORTGAGES.**

10 (a) TREATMENT OF REFERENCES IN ADJUSTABLE  
11 RATE MORTGAGES ISSUED BEFORE FIRREA.—For pur-  
12 poses of section 402(e) of Financial Institutions Reform,  
13 Recovery, and Enactment Act of 1989 (12 U.S.C. 1437  
14 note), any reference in such section to—

15 (1) the Director of the Office of Thrift Super-  
16 vision shall be deemed to be a reference to the Sec-  
17 retary of the Treasury; and

18 (2) a Savings Association Insurance Fund  
19 member shall be deemed to be a reference to an in-  
20 sured depository institution (as defined in section 3  
21 of the Federal Deposit Insurance Act).

22 (b) TREATMENT OF REFERENCES IN ADJUSTABLE  
23 RATE MORTGAGES INSTRUMENTS ISSUED AFTER  
24 FIRREA.—

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1           (1) IN GENERAL.—For purposes of adjustable  
2           rate mortgage instruments that are in effect as of  
3           the date of enactment of this Act, any reference in  
4           the instrument to the Director of the Office of  
5           Thrift Supervision or Savings Association Insurance  
6           Fund members shall be treated as a reference to the  
7           Secretary of the Treasury or insured depository in-  
8           stitutions (as defined in section 3 of the Federal De-  
9           posit Insurance Act), as appropriate.

10           (2) SUBSTITUTION FOR INDEXES.—If any index  
11           used to calculate the applicable interest rate on any  
12           adjustable rate mortgage instrument is no longer  
13           calculated and made available as a direct or indirect  
14           result of the enactment of this title, any index—

15                   (A) made available by the Secretary of the  
16           Treasury; or

17                   (B) determined by the Secretary of the  
18           Treasury, pursuant to paragraph (4), to be sub-  
19           stantially similar to the index which is no  
20           longer calculated or made available,  
21           may be substituted by the holder of any such adjust-  
22           able rate mortgage instrument upon notice to the  
23           borrower.

24           (3) AGENCY ACTION REQUIRED TO PROVIDE  
25           CONTINUED AVAILABILITY OF INDEXES.—Promptly

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1 after the enactment of this subsection, the Secretary  
2 of the Treasury, the Chairperson of the Federal De-  
3 posit Insurance Corporation, and the Comptroller of  
4 the Currency shall take such action as may be nec-  
5 essary to assure that the indexes prepared by the  
6 Director of the Office of Thrift Supervision imme-  
7 diately before the enactment of this subsection and  
8 used to calculate the interest rate on adjustable rate  
9 mortgage instruments continue to be available.

10 (4) REQUIREMENTS RELATING TO SUBSTITUTE  
11 INDEXES.—If any agency can no longer make avail-  
12 able an index pursuant to paragraph (3), an index  
13 that is substantially similar to such index may be  
14 substituted for such index for purposes of paragraph  
15 (2) if the Secretary of the Treasury determines,  
16 after notice and opportunity for comment, that—

17 (A) the new index is based upon data sub-  
18 stantially similar to that of the original index;  
19 and

20 (B) the substitution of the new index will  
21 result in an interest rate substantially similar to  
22 the rate in effect at the time the original index  
23 became unavailable.



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1 **SEC. 414. COST OF FUNDS INDEXES.**

2 (a) COST OF FUNDS INDEX DEFINED.—The term  
3 “cost of funds indexed” means any index that is published  
4 by a Federal home loan bank and is based, in whole or  
5 in part, upon the cost of funds of such bank’s members.

6 (b) CALCULATIONS BASED ON TYPE OF CHARTER  
7 AND INSURANCE FUND MEMBERSHIP OF MEMBERS.— If  
8 any cost of funds index includes data based on charter  
9 type, insurance fund membership, or other similar charac-  
10 teristics of members of a Federal home loan ban, such  
11 index shall be calculated after the date of the enactment  
12 of this Act using data only from insured depository insti-  
13 tutions which were bank members and whose data was in-  
14 cluded in such index on or before such date of enactment.

15 (c) ACQUISITION OF DATA.—

16 (1) IN GENERAL.—Each insured depository in-  
17 stitution the data from which is required to compile  
18 a cost of funds index in accordance with subsection  
19 (b) shall provide to the Federal home loan bank  
20 which maintains the index such information as may  
21 be necessary, and in such form as may be appro-  
22 priate, for the bank to calculate and publish the  
23 index.

24 (2) ENFORCEMENT BY BANKING AGENCIES.—  
25 Each appropriate Federal banking agency shall take  
26 such action as may be necessary to ensure that in-

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1       sured depository institutions which are required to  
2       provide information to any Federal home loan bank  
3       under paragraph (1) furnish such information on a  
4       timely basis and in the form required by the bank.

5           (3) TREATMENT OF INSTITUTIONS.—Notwith-  
6       standing any other provision of law, an insured de-  
7       pository institution which furnishes information to a  
8       Federal home loan bank pursuant to this section for  
9       use in compiling a cost of funds index shall not be  
10      deemed to control, directly, or indirectly, such index.

11      (d) CERTAIN DATA EXCLUDED.—Notwithstanding  
12      subsections (b) and (c), no cost of funds index shall in-  
13      clude any data from any insured depository institution  
14      which results from the merger, consolidation, or other  
15      combination of a member of a Federal home loan bank  
16      with a nonmember of any such bank if—

17           (1) the total assets of the nonmember exceed  
18      the total assets of the bank member at the time of  
19      such merger, consolidation, or other combination; or

20           (2) in the case of a merger, consolidation, or  
21      other merger in which a member of a Federal home  
22      loan bank is the resulting insured depository institu-  
23      tion, combined ratio of the average amount of sin-  
24      gle-family loan balances to average total assets of all  
25      insured depository institutions involved in such

1 merger, consolidation, or other combination for the  
2 12-months period ending on the date of such trans-  
3 action is less than 70 percent.

4 (e) OTHER DEFINITIONS.—For purposes of this sec-  
5 tion, the terms “appropriate Federal banking agency” and  
6 “insured depository institution” shall have the same  
7 meanings as in section 3 of the Federal Deposit Insurance  
8 Act.

9 **Subtitle B—Ending Separate Fed-**  
10 **eral Regulation of Savings Asso-**  
11 **ciations Branching Rights and**  
12 **Savings and Loan Holding Com-**  
13 **panies**

14 **SEC. 421. STATE SAVINGS ASSOCIATIONS TREATED AS**  
15 **STATE BANKS UNDER FEDERAL BANKING**  
16 **LAW.**

17 (a) AMENDMENTS TO THE FEDERAL DEPOSIT IN-  
18 SURANCE ACT.—

19 (1) SECTION 44.—Section 44(f) of the Federal  
20 Deposit Insurance Act (12 U.S.C. 1831u(f)) is  
21 amended by adding at the end the following new  
22 paragraph:

23 “(12) BANK.—For purposes of this section, the  
24 term ‘bank’ includes any savings association.”.

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1           (2) SECTION 3.—Section 3(q) of the Federal  
2     Deposit Insurance Act (12 U.S.C. 1813(q)) is  
3     amended—

4                 (A) by inserting “and” after the semicolon  
5     at the end of paragraph (2);

6                 (B) by striking “; and” at the end of para-  
7     graph (3) and inserting a period; and

8                 (C) by striking paragraph (4).

9     (b) AMENDMENTS TO THE BANK HOLDING COMPANY  
10  ACT OF 1956.—

11           (1) Section 2(a)(5) of the Bank Holding Com-  
12     pany Act of 1956 (12 U.S.C. 1841(a)(5)) is amend-  
13     ed by striking subparagraph (E).

14           (2) Section 2(c)(1) of the Bank Holding Com-  
15     pany Act is amended by inserting after subpara-  
16     graph (C) (as added by section 133(a)(2) of this  
17     Act) the following new subparagraph:

18                 “(D) A savings association.”.

19           (3) Section 2(c)(2)(B) of the Bank Holding  
20     Company Act is amended to read as follows:

21                 “(B) [Repealed].”.

22           (4) Section 4(i) of the Bank Holding Company  
23     Act is amended to read as follows:

24                 “(i) [Repealed].”.

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1 (c) AMENDMENTS TO THE HOME OWNERS' LOAN  
 2 ACT.—Section 5(r) of the Home Owners' Loan Act is  
 3 amended to read as follows:

4 “(r) IN-STATE BRANCHES.—Subject to section 411  
 5 of the Thrift Charter Transition Act of 1998, a Federal  
 6 savings association may only retain, establish, or operate  
 7 branches within a State to the same extent a national  
 8 bank can.”.

9 (d) EFFECTIVE DATE.—The amendments made by  
 10 subsections (a)(2) and (b) shall take effect on January  
 11 1, 2000.

12 **SEC. 422. AMENDMENTS TO THE HOME OWNERS' LOAN ACT.**

13 (a) SECTIONS 1, 2, AND 3.—Sections 1, 2, and 3 of  
 14 the Home Owners' Loan Act (12 U.S.C. 1461 et seq.) are  
 15 amended to read as follows:

16 **“SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

17 “This Act may be cited as the ‘Home Owners’ Loan  
 18 Act’.

“TABLE OF CONTENTS

- “Sec. 1. Short title and table of contents.
- “Sec. 2. Definitions.
- “Sec. 3. Director of the Division of Thrift Supervision.
- “Sec. 4. Supervision of savings associations.
- “Sec. 5. Federal savings associations.
- “Sec. 6. Liquid asset requirements.
- “Sec. 7. Applicability.
- “Sec. 8. District associations.
- “Sec. 9. Examination fees.
- “Sec. 10. Qualified thrift lending and mutual holding companies.
- “Sec. 11. Transactions with affiliates; extensions of credit to executive officers, directors, and principal shareholders.
- “Sec. 12. Advertising.
- “Sec. 13. Powers of examiners.
- “Sec. 14. Separability provision.

19 **“SEC. 2. DEFINITIONS.**

20 “For purposes of this Act—

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1           “(1) DIRECTOR.—The term ‘Director’ means  
2           the Director of the Division of Thrift Supervision.

3           “(2) CORPORATION.—The term ‘Corporation’  
4           means the Federal Deposit Insurance Corporation.

5           “(3) OFFICE.—The term ‘Office’ means the Di-  
6           vision of Thrift Supervision established under sec-  
7           tion 3(a).

8           “(4) SAVINGS ASSOCIATION.—The term ‘savings  
9           association’ means a savings association, as defined  
10          in section 3 of the Federal Deposit Insurance Act,  
11          the deposits of which are insured by the Corpora-  
12          tion.

13          “(5) FEDERAL SAVINGS ASSOCIATION.—The  
14          term ‘Federal savings association’ means a Federal  
15          savings association or a Federal savings bank char-  
16          tered under section 5 of this Act.

17          “(6) NATIONAL BANK.—The term ‘national  
18          bank’ has the same meaning as in section 3 of the  
19          Federal Deposit Insurance Act.

20          “(7) FEDERAL BANKING AGENCIES.—The term  
21          ‘Federal banking agencies’ means the Office of the  
22          Comptroller of the Currency, the Board of Gov-  
23          ernors of the Federal Reserve System, and the Fed-  
24          eral Deposit Insurance Corporation.

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1           “(8) STATE.—The term ‘State’ has the same  
2           meaning as in section 3 of the Federal Deposit In-  
3           surance Act.

4           “(9) AFFILIATE.—The term ‘affiliate’ means  
5           any person that controls, is controlled by, or is  
6           under common control with, a savings association,  
7           except as provided in section 10.

8   **“SEC. 3. DIRECTOR OF THE DIVISION OF THRIFT SUPER-**  
9                           **VISION.**

10          “(a) ESTABLISHMENT OF DIVISION.—There is estab-  
11          lished the Division of Thrift Supervision, which shall be  
12          a division of the Office of the Comptroller of the Currency.

13          “(b) ESTABLISHMENT OF POSITION OF DIRECTOR.—

14               “(1) IN GENERAL.—There is established the po-  
15               sition of the Director of the Division of Thrift Su-  
16               pervision, who shall be the head of the Division of  
17               Thrift Supervision and shall be subject to the gen-  
18               eral oversight of the Comptroller of the Currency.

19               “(2) AUTHORITY TO PRESCRIBE REGULA-  
20               TIONS.—The Comptroller of the Currency, acting  
21               through the Director, may prescribe such regulations  
22               and issue such orders as the Comptroller of the Cur-  
23               rency, acting through the Director, may determine  
24               to be necessary for carrying out this Act and all  
25               other laws within the jurisdiction of this Act.

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1           “(3) BANKING AGENCY RULEMAKING.—The  
2       Secretary of the Treasury may not delay or prevent  
3       the issuance of any rule or the promulgation of any  
4       regulation by the Comptroller of the Currency, act-  
5       ing through the Director.

6           “(c) APPOINTMENT.—The Director shall be ap-  
7       pointed by and serve at the pleasure of the Comptroller  
8       of the Currency.

9           “(d) PROHIBITION ON FINANCIAL INTERESTS.—The  
10      Director shall not have a direct or indirect financial inter-  
11      est in any insured depository institution, as defined in sec-  
12      tion 3 of the Federal Deposit Insurance Act.

13          “(e) POWERS OF THE COMPTROLLER OF THE CUR-  
14      RENCY WITH RESPECT TO THE SUPERVISION OF SAVINGS  
15      ASSOCIATIONS.—

16           “(1) IN GENERAL.—The Comptroller of the  
17      Currency shall have—

18           “(A) all powers which—

19           “(i) were vested in the Federal Home  
20      Loan Bank Board (in the Board’s capacity  
21      as such) or the Chairman of such Board  
22      on the day before the date of the enact-  
23      ment of the Financial Institutions Reform,  
24      Recovery, and Enforcement Act of 1989;  
25      and



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1 “(ii) were not—

2 “(I) transferred to the Federal  
3 Deposit Insurance Corporation, the  
4 Federal Housing Finance Board, the  
5 Resolution Trust Corporation, or the  
6 Federal Home Loan Mortgage Cor-  
7 poration pursuant to any amendment  
8 made by such Act; or

9 “(II) established under any pro-  
10 vision of law repealed by such Act;  
11 and

12 “(B) all other powers which were vested in  
13 the Director of the Office of Thrift Supervision  
14 as of the day before the date of the enactment  
15 of the Thrift Charter Transition Act of 1998.

16 “(2) DELEGATION.—The Comptroller of the  
17 Currency may delegate such authority to the Direc-  
18 tor as may be necessary or appropriate for purposes  
19 of carrying out this Act.

20 “(f) FUNDING THROUGH ASSESSMENTS.—The com-  
21 pensation of the Director and other employees of the Of-  
22 fice and all other expenses thereof may be paid from as-  
23 sessments levied under this Act.

24 “(g) GAO AUDIT.—The Comptroller of the Currency,  
25 acting through the Director, shall make available to the

1 Comptroller General of the United States all books and  
2 records necessary to audit all of the activities of the Office  
3 of Thrift Supervision.”.

4 (b) SECTION 10.—Section 10 of the Home Owners’  
5 Loan Act (12 U.S.C. 1467a) is amended to read as fol-  
6 lows:

7 **“SEC. 10. QUALIFIED THRIFT LENDING AND MUTUAL HOLD-**  
8 **ING COMPANIES.**

9 “(a) DEFINITIONS.—

10 “(1) IN GENERAL.—As used in this section, un-  
11 less the context otherwise requires—

12 “(A) SAVINGS ASSOCIATION.—The term  
13 ‘savings association’ includes a savings bank or  
14 cooperative bank which is deemed by the Comp-  
15 troller of the Currency, acting through the Di-  
16 rector, to be a savings association under sub-  
17 section (l).

18 “(B) UNINSURED INSTITUTION.—The  
19 term ‘uninsured institution’ means any deposi-  
20 tory institution the deposits of which are not in-  
21 sured by the Federal Deposit Insurance Cor-  
22 poration.

23 “(C) COMPANY.—The term ‘company’  
24 means any corporation, partnership, trust,  
25 joint-stock company, or similar organization,

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1 but does not include the Federal Deposit Insur-  
2 ance Corporation, the Resolution Trust Cor-  
3 poration, any Federal home loan bank, or any  
4 company the majority of the shares of which is  
5 owned by the United States or any State, or by  
6 an instrumentality of the United States or any  
7 State.

8 “(D) SUBSIDIARY.—The term ‘subsidiary’  
9 has the same meaning as in section 3 of the  
10 Federal Deposit Insurance Act.

11 “(E) AFFILIATE.—The term ‘affiliate’ of a  
12 savings association means any person which  
13 controls, is controlled by, or is under common  
14 control with, such savings association.

15 “(F) BANK HOLDING COMPANY.—The  
16 terms ‘bank holding company’ and ‘bank’ have  
17 the meanings given to such terms in section 2  
18 of the Bank Holding Company Act of 1956.

19 “(G) ACQUIRE.—The term ‘acquire’ has  
20 the meaning given to such term in section  
21 13(f)(8) of the Federal Deposit Insurance Act.

22 “(2) CONTROL.—For purposes of this section, a  
23 person shall be deemed to have control of—

24 “(A) a savings association if the person di-  
25 rectly or indirectly or acting in concert with one

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1 or more other persons, or through one or more  
2 subsidiaries, owns, controls, or holds with power  
3 to vote, or holds proxies representing, more  
4 than 25 percent of the voting shares of such  
5 savings association, or controls in any manner  
6 the election of a majority of the directors of  
7 such association;

8 “(B) any other company if the person di-  
9 rectly or indirectly or acting in concert with one  
10 or more other persons, or through one or more  
11 subsidiaries, owns, controls, or holds with power  
12 to vote, or holds proxies representing, more  
13 than 25 percent of the voting shares or rights  
14 of such other company, or controls in any man-  
15 ner the election or appointment of a majority of  
16 the directors or trustees of such other company,  
17 or is a general partner in or has contributed  
18 more than 25 percent of the capital of such  
19 other company;

20 “(C) a trust if the person is a trustee  
21 thereof; or

22 “(D) a savings association or any other  
23 company if the Comptroller of the Currency,  
24 acting through the Director, determines, after  
25 reasonable notice and opportunity for hearing,

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1           that such person directly or indirectly exercises  
2           a controlling influence over the management or  
3           policies of such association or other company.

4           “(b) ADMINISTRATION AND ENFORCEMENT.—

5           “(1) IN GENERAL.—The Comptroller of the  
6           Currency may issue such regulations and orders as  
7           the Comptroller of the Currency deems necessary or  
8           appropriate to enable the Comptroller of the Cur-  
9           rency, acting through the Director, to administer  
10          and carry out the purposes of this section, and to re-  
11          quire compliance therewith and prevent evasions  
12          thereof.

13          “(2) INVESTIGATIONS.—The Comptroller of the  
14          Currency, acting through the Director, may make  
15          such investigations as the Comptroller of the Cur-  
16          rency deems necessary or appropriate to determine  
17          whether the provisions of this section, and regula-  
18          tions and orders thereunder, are being and have  
19          been complied with by savings associations and mu-  
20          tual holding companies and subsidiaries and affili-  
21          ates thereof. For the purpose of any investigation  
22          under this section, the Comptroller of the Currency,  
23          acting through the Director, may administer oaths  
24          and affirmations, issue subpoenas, take evidence,  
25          and require the production of any books, papers,

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1       correspondence, memorandums, or other records  
2       which may be relevant or material to the inquiry.  
3       The attendance of witnesses and the production of  
4       any such records may be required from any place in  
5       any State. The Comptroller of the Currency may  
6       apply to the United States district court for the ju-  
7       dicial district (or the United States court in any ter-  
8       ritory) in which any witness or company subpoenaed  
9       resides or carries on business, for enforcement of  
10      any subpoena issued pursuant to this paragraph,  
11      and such courts shall have jurisdiction and power to  
12      order and require compliance.

13           “(3) PROCEEDINGS.—

14           “(A) IN GENERAL.—In any proceeding  
15      under subsection (a)(2)(D) or under paragraph  
16      (5) of this subsection, the Comptroller of the  
17      Currency, acting through the Director, may ad-  
18      minister oaths and affirmations, take or cause  
19      to be taken depositions, and issue subpoenas.  
20      The Comptroller of the Currency may make  
21      regulations with respect to any such proceed-  
22      ings. The attendance of witnesses and the pro-  
23      duction of documents provided for in this para-  
24      graph may be required from any place in any  
25      State or in any territory at any designated

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1 place where such proceeding is being conducted.  
2 Any party to such proceedings may apply to the  
3 United States District Court for the District of  
4 Columbia, or the United States district court  
5 for the judicial district or the United States  
6 court in any territory in which such proceeding  
7 is being conducted, or where the witness resides  
8 or carries on business, for enforcement of any  
9 subpoena issued pursuant to this paragraph,  
10 and such courts shall have jurisdiction and  
11 power to order and require compliance there-  
12 with. Witnesses subpoenaed under this section  
13 shall be paid the same fees and mileage that  
14 are paid witnesses in the district courts of the  
15 United States.

16 “(B) Any hearing provided for in sub-  
17 section (a)(2)(D) or under paragraph (5) of  
18 this subsection shall be held in the Federal judi-  
19 cial district or in the territory in which the  
20 principal office of the association or other com-  
21 pany is located unless the party afforded the  
22 hearing consents to another place, and shall be  
23 conducted in accordance with the provisions of  
24 chapter 5 of title 5, United States Code.

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1           “(4) INJUNCTIONS.—Whenever it appears to  
2           the Comptroller of the Currency, acting through the  
3           Director, that any person is engaged or has engaged  
4           or is about to engage in any acts or practices which  
5           constitute or will constitute a violation of the provi-  
6           sions of this section or of any regulation or order  
7           thereunder, the Comptroller of the Currency, acting  
8           through the Director, may bring an action in the  
9           proper United States district court, or the United  
10          States court of any territory or other place subject  
11          to the jurisdiction of the United States, to enjoin  
12          such acts or practices, to enforce compliance with  
13          this section or any regulation or order, or to require  
14          the divestiture of any acquisition in violation of this  
15          section, or for any combination of the foregoing, and  
16          such courts shall have jurisdiction of such actions.  
17          Upon a proper showing an injunction, decree, re-  
18          straining order, order of divestiture, or other appro-  
19          priate order shall be granted without bond.

20          “(c) PENALTIES.—

21                  “(1) CRIMINAL PENALTY.—

22                          “(A) VIOLATION OF SECTION.—Whoever  
23                          knowingly violates any provision of this section  
24                          or being a company, violates any regulation or  
25                          order issued by the Comptroller of the Cur-



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1 rency, acting through the Director, under this  
2 section, shall be imprisoned not more than 1  
3 year, fined not more than \$100,000 per day for  
4 each day during which the violation continues,  
5 or both.

6 “(B) VIOLATION OF SECTION WITH IN-  
7 TENT TO DECEIVE, DEFRAUD, OR PROFIT SIG-  
8 NIFICANTLY.—Whoever, with the intent to de-  
9 ceive, defraud, or profit significantly, knowingly  
10 violates any provision of this section shall be  
11 fined not more than \$1,000,000 per day for  
12 each day during which the violation continues,  
13 imprisoned not more than 5 years, or both.

14 “(2) CIVIL MONEY PENALTY.—

15 “(A) PENALTY.—Any company which vio-  
16 lates, and any person who participates in a vio-  
17 lation of, any provision of this section, or any  
18 regulation or order issued pursuant thereto,  
19 shall forfeit and pay a civil penalty of not more  
20 than \$25,000 for each day during which such  
21 violation continues.

22 “(B) ASSESSMENT.—Any penalty imposed  
23 under subparagraph (A) may be assessed and  
24 collected by the Comptroller of the Currency,  
25 acting through the Director, in the manner pro-

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1        vided in subparagraphs (E), (F), (G), and (I)  
2        of section 8(i)(2) of the Federal Deposit Insur-  
3        ance Act for penalties imposed (under such sec-  
4        tion) and any such assessment shall be subject  
5        to the provisions of such section.

6                “(C) HEARING.—The company or other  
7        person against whom any civil penalty is as-  
8        sessed under this paragraph shall be afforded a  
9        hearing if such company or person submits a  
10       request for such hearing within 20 days after  
11       the issuance of the notice of assessment. Sec-  
12       tion 8(h) of the Federal Deposit Insurance Act  
13       shall apply to any proceeding under this para-  
14       graph.

15               “(D) DISBURSEMENT.—All penalties col-  
16       lected under authority of this paragraph shall  
17       be deposited into the Treasury.

18               “(E) VIOLATE DEFINED.—For purposes of  
19       this section, the term ‘violate’ includes any ac-  
20       tion (alone or with another or others) for or to-  
21       ward causing, bringing about, participating in,  
22       counseling, or aiding or abetting a violation.

23               “(F) REGULATIONS.—The Comptroller of  
24       the Currency, acting through the Director, shall  
25       prescribe regulations establishing such proce-

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1           dures as may be necessary to carry out this  
2           paragraph.

3           “(3) NOTICE UNDER THIS SECTION AFTER SEP-  
4           ARATION FROM SERVICE.—The resignation, termi-  
5           nation of employment or participation, or separation  
6           of an institution-affiliated party (within the meaning  
7           of section 3(u) of the Federal Deposit Insurance  
8           Act) with respect to a savings and loan holding com-  
9           pany or subsidiary thereof (including a separation  
10          caused by the deregistration of such a company or  
11          such a subsidiary) shall not affect the jurisdiction  
12          and authority of the Comptroller of the Currency,  
13          acting through the Director, to issue any notice and  
14          proceed under this section against any such party, if  
15          such notice is served before the end of the 6-year pe-  
16          riod beginning on the date such party ceased to be  
17          such a party with respect to such holding company  
18          or its subsidiary (whether such date occurs before,  
19          on, or after the date of the enactment of this para-  
20          graph).

21          “(d) JUDICIAL REVIEW.—Any party aggrieved by an  
22          order of the Comptroller of the Currency, acting through  
23          the Director, under this section may obtain a review of  
24          such order by filing in the court of appeals of the United  
25          States for the circuit in which the principal office of such

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1 party is located, or in the United States Court of Appeals  
2 for the District of Columbia Circuit, within 30 days after  
3 the date of service of such order, a written petition praying  
4 that the order of the Comptroller of the Currency be modi-  
5 fied, terminated, or set aside. A copy of the petition shall  
6 be forthwith transmitted by the clerk of the court to the  
7 Comptroller of the Currency, and thereupon the Comptrol-  
8 ler of the Currency, acting through the Director, shall file  
9 in the court the record in the proceeding, as provided in  
10 section 2112 of title 28, United States Code. Upon the  
11 filing of such petition, such court shall have jurisdiction,  
12 which upon the filing of the record shall be exclusive, to  
13 affirm, modify, terminate, or set aside, in whole or in part,  
14 the order of the Comptroller of the Currency. Review of  
15 such proceedings shall be had as provided in chapter 7  
16 of title 5, United States Code. The judgment and decree  
17 of the court shall be final, except that the same shall be  
18 subject to review by the Supreme Court upon certiorari  
19 as provided in section 1254 of title 28, United States  
20 Code.

21 “(e) TREATMENT OF FDIC INSURED STATE SAV-  
22INGS BANKS AND COOPERATIVE BANKS AS SAVINGS AS-  
23 SOCIATIONS.—

24 “(1) IN GENERAL.—Notwithstanding any other  
25 provision of law, a savings bank (as defined in sec-

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1       tion 3(g) of the Federal Deposit Insurance Act) and  
2       a cooperative bank that is an insured bank (as de-  
3       fined in section 3(h) of the Federal Deposit Insur-  
4       ance Act) upon application shall be deemed to be a  
5       savings association for the purpose of this section, if  
6       the Comptroller of the Currency, acting through the  
7       Director, determines that such bank is a qualified  
8       thrift lender (as determined under subsection (f)).

9               (2) FAILURE TO MAINTAIN QUALIFIED THRIFT  
10       LENDER STATUS.—If any savings bank which is  
11       deemed to be a savings association under paragraph  
12       (1) subsequently fails to maintain its status as a  
13       qualified thrift lender, as determined by the Comp-  
14       troller of the Currency (acting through the Direc-  
15       tor), such bank may not thereafter be a qualified  
16       thrift lender for a period of 5 years.

17       “(f) QUALIFIED THRIFT LENDER TEST.—

18               “(1) IN GENERAL.—Except as provided in para-  
19       graphs (2) and (7), any savings association is a  
20       qualified thrift lender if—

21               “(A) either—

22                       “(i) the savings association qualifies  
23                       as a domestic building and loan associa-  
24                       tion, as such term is defined in section

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1 7701(a)(19) of the Internal Revenue Code  
2 of 1986; or

3 “(ii)(I) the savings association’s quali-  
4 fied thrift investments equal or exceed 65  
5 percent of the savings association’s port-  
6 folio assets; and

7 “(II) the savings association’s quali-  
8 fied thrift investments continue to equal or  
9 exceed 65 percent of the savings associa-  
10 tion’s portfolio assets on a monthly aver-  
11 age basis in 9 out of every 12 months; and

12 “(B) at least 10 percent of the portfolio  
13 assets of the savings association consists of  
14 mortgages secured by domestic residential hous-  
15 ing or manufactured homes or securities backed  
16 by or representing an interest in mortgages  
17 which were originated by the savings associa-  
18 tion and sold within 90 days of origination and  
19 are backed by domestic residential housing or  
20 manufactured homes.

21 “(2) EXCEPTIONS GRANTED BY COMPTROLLER  
22 OF THE CURRENCY, ACTING THROUGH THE DIREC-  
23 TOR.—Notwithstanding paragraph (1), the Comp-  
24 troller of the Currency, acting through the Director,  
25 may grant such temporary and limited exceptions

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1 from the minimum actual thrift investment percent-  
2 age requirement contained in such paragraph as the  
3 Comptroller of the Currency, acting through the Di-  
4 rector, deems necessary if—

5 “(A) the Comptroller of the Currency, act-  
6 ing through the Director, determines that ex-  
7 traordinary circumstances exist, such as when  
8 the effects of high interest rates reduce mort-  
9 gage demand to such a degree that an insuffi-  
10 cient opportunity exists for a savings associa-  
11 tion to meet such investment requirements; or

12 “(B) the Comptroller of the Currency, act-  
13 ing through the Director, determines that—

14 “(i) the grant of any such exception  
15 will significantly facilitate an acquisition  
16 under section 13(c) or 13(k) of the Federal  
17 Deposit Insurance Act;

18 “(ii) the acquired association will com-  
19 ply with the transition requirements of  
20 paragraph (7)(B), as if the date of the ex-  
21 emption were the starting date for the  
22 transition period described in that para-  
23 graph; and

24 “(iii) the Comptroller of the Currency,  
25 acting through the Director, determines

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1           that the exemption will not have an undue  
2           adverse effect on competing savings asso-  
3           ciations in the relevant market and will  
4           further the purposes of this subsection.

5           “(3) FAILURE TO BECOME AND REMAIN A  
6           QUALIFIED THRIFT LENDER.—

7           “(A) IN GENERAL.—A savings association  
8           that fails to become or remain a qualified thrift  
9           lender shall either become one or more banks  
10          (other than a savings bank) or be subject to  
11          subparagraph (B), except as provided in sub-  
12          paragraph (D).

13          “(B) RESTRICTIONS APPLICABLE TO SAV-  
14          INGS ASSOCIATIONS THAT ARE NOT QUALIFIED  
15          THRIFT LENDERS.—

16          “(i) RESTRICTIONS EFFECTIVE IMME-  
17          DIATELY.—The following restrictions shall  
18          apply to a savings association beginning on  
19          the date on which the savings association  
20          should have become or ceases to be a quali-  
21          fied thrift lender:

22                 “(I) ACTIVITIES.—The savings  
23                 association shall not make any new in-  
24                 vestment (including an investment in  
25                 a subsidiary) or engage, directly or in-



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1 directly, in any other new activity un-  
2 less that investment or activity would  
3 be permissible for the savings associa-  
4 tion if it were a national bank, and is  
5 also permissible for the savings asso-  
6 ciation as a savings association.

7 “(II) ADVANCES.—The savings  
8 association shall not be eligible to ob-  
9 tain new advances from any Federal  
10 home loan bank.

11 “(III) DIVIDENDS.—The savings  
12 association shall be subject to all stat-  
13 utes and regulations governing the  
14 payment of dividends by a national  
15 bank in the same manner and to the  
16 same extent as if the savings associa-  
17 tion were a national bank.

18 “(ii) ADDITIONAL RESTRICTIONS EF-  
19 FECTIVE AFTER THREE YEARS.—The fol-  
20 lowing additional restrictions shall apply to  
21 a savings association beginning 3 years  
22 after the date on which the savings asso-  
23 ciation should have become or ceases to be  
24 a qualified thrift lender:

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1                   “(I) ACTIVITIES.—The savings  
2                   association shall not retain any invest-  
3                   ment (including an investment in any  
4                   subsidiary) or engage, directly or indi-  
5                   rectly, in any activity unless that in-  
6                   vestment or activity would be permis-  
7                   sible for the savings association if it  
8                   were a national bank, and is also per-  
9                   missible for the savings association as  
10                  a savings association.

11                  “(II) ADVANCES.—The savings  
12                  association shall repay any outstand-  
13                  ing advances from any Federal home  
14                  loan bank as promptly as can be pru-  
15                  dently done consistent with the safe  
16                  and sound operation of the savings as-  
17                  sociation.

18                  “(C) REQUALIFICATION.—A savings asso-  
19                  ciation that should have become or ceases to be  
20                  a qualified thrift lender shall not be subject to  
21                  subparagraph (B) if the savings association be-  
22                  comes a qualified thrift lender by meeting the  
23                  qualified thrift lender requirement in paragraph  
24                  (1) on a monthly average basis in 9 out of the  
25                  preceding 12 months and remains a qualified

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1 thrift lender. If the savings association (or any  
2 savings association that acquired all or substan-  
3 tially all of its assets from that savings associa-  
4 tion) at any time thereafter ceases to be a  
5 qualified thrift lender, it shall immediately be  
6 subject to all provisions of subparagraphs (B)  
7 as if all the periods described in subparagraph  
8 (B)(ii) had expired.

9 “(D) DEPOSIT INSURANCE ASSESS-  
10 MENTS.—Any bank chartered as a result of the  
11 requirements of this section shall be obligated  
12 until December 31, 1993, to pay to the Savings  
13 Association Insurance Fund the assessments  
14 assessed on savings associations under the Fed-  
15 eral Deposit Insurance Act. Such association  
16 shall also be assessed, on the date of its change  
17 of status from a Savings Association Insurance  
18 Fund member, the exit fee and entrance fee  
19 provided in section 5(d) of the Federal Deposit  
20 Insurance Act. Such institution shall not be ob-  
21 ligated to pay the assessments assessed on  
22 banks under the Federal Deposit Insurance Act  
23 until—

24 “(i) December 31, 1993, or

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1 “(ii) the institution’s change of status  
2 from a Savings Association Insurance  
3 Fund member to a Bank Insurance Fund  
4 member,  
5 whichever is later.

6 “(E) EXEMPTION FOR SPECIALIZED SAV-  
7INGS ASSOCIATIONS SERVING CERTAIN MILI-  
8TARY PERSONNEL.—Subparagraph (A) shall  
9 not apply to a savings association subsidiary of  
10 a holding company if at least 90 percent of the  
11 customers of the holding company and its sub-  
12 sidiaries and affiliates are active or former  
13 members in the United States military services  
14 or the widows, widowers, divorced spouses, or  
15 current or former dependents of such members.

16 “(G) EXEMPTION FOR CERTAIN FEDERAL  
17 SAVINGS ASSOCIATIONS.—This paragraph shall  
18 not apply to any Federal savings association in  
19 existence as a Federal savings association on  
20 the date of enactment of the Financial Institu-  
21 tions Reform, Recovery, and Enforcement Act  
22 of 1989—

23 “(i) that was chartered before October  
24 15, 1982, as a savings bank or a coopera-  
25 tive bank under State law; or

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1 “(ii) that acquired its principal assets  
2 from an association that was chartered be-  
3 fore October 15, 1982, as a savings bank  
4 or a cooperative bank under State law.

5 “(H) NO CIRCUMVENTION OF EXIT MORA-  
6 TORIUM.—Subparagraph (A) of this paragraph  
7 shall not be construed as permitting any in-  
8 sured depository institution to engage in any  
9 conversion transaction prohibited under section  
10 5(d) of the Federal Deposit Insurance Act.

11 “(4) DEFINITIONS.—For purposes of this sub-  
12 section, the following definitions shall apply:

13 “(A) ACTUAL THRIFT INVESTMENT PER-  
14 CENTAGE.—The term ‘actual thrift investment  
15 percentage’ means the percentage determined  
16 by dividing—

17 “(i) the amount of a savings associa-  
18 tion’s qualified thrift investments, by

19 “(ii) the amount of the savings asso-  
20 ciation’s portfolio assets.

21 “(B) PORTFOLIO ASSETS.—The term  
22 ‘portfolio assets’ means, with respect to any  
23 savings association, the total assets of the sav-  
24 ings association, minus the sum of—

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1 “(i) goodwill and other intangible as-  
2 sets;

3 “(ii) the value of property used by the  
4 savings association to conduct its business;  
5 and

6 “(iii) liquid assets of the type required  
7 to be maintained under section 6 of the  
8 Home Owners’ Loan Act, in an amount  
9 not exceeding the amount equal to 20 per-  
10 cent of the savings association’s total as-  
11 sets.

12 “(C) QUALIFIED THRIFT INVESTMENTS.—

13 “(i) IN GENERAL.—The term ‘quali-  
14 fied thrift investments’ means, with respect  
15 to any savings association, the assets of  
16 the savings association that are described  
17 in clauses (ii) and (iii).

18 “(ii) ASSETS INCLUDIBLE WITHOUT  
19 LIMIT.—The following assets are described  
20 in this clause for purposes of clause (i):

21 “(I) The aggregate amount of  
22 loans held by the savings association  
23 that were made to purchase, refi-  
24 nance, construct, improve, or repair

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1 domestic residential housing or manu-  
2 factured housing.

3 “(II) Home-equity loans.

4 “(III) Securities backed by or  
5 representing an interest in mortgages  
6 on domestic residential housing or  
7 manufactured housing.

8 “(IV) EXISTING OBLIGATIONS OF  
9 DEPOSIT INSURANCE AGENCIES.—Di-  
10 rect or indirect obligations of the Fed-  
11 eral Deposit Insurance Corporation or  
12 the Federal Savings and Loan Insur-  
13 ance Corporation issued in accordance  
14 with the terms of agreements entered  
15 into prior to July 1, 1989, for the 10-  
16 year period beginning on the date of  
17 issuance of such obligations.

18 “(V) NEW OBLIGATIONS OF DE-  
19 POSIT INSURANCE AGENCIES.—Obli-  
20 gations of the Federal Deposit Insur-  
21 ance Corporation, the Federal Savings  
22 and Loan Insurance Corporation, the  
23 FSLIC Resolution Fund, and the  
24 Resolution Trust Corporation issued  
25 in accordance with the terms of agree-

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1           ments entered into on or after July 1,  
2           1989, for the 5-year period beginning  
3           on the date of issuance of such obliga-  
4           tions.

5           “(VI) Shares of stock issued by  
6           any Federal home loan bank.

7           “(VII) Loans for educational  
8           purposes, loans to small businesses,  
9           and loans made through credit cards  
10          or credit card accounts.

11          “(iii) ASSETS INCLUDIBLE SUBJECT  
12          TO PERCENTAGE RESTRICTION.—The fol-  
13          lowing assets are described in this clause  
14          for purposes of clause (i):

15          “(I) 50 percent of the dollar  
16          amount of the residential mortgage  
17          loans originated by such savings asso-  
18          ciation and sold within 90 days of  
19          origination.

20          “(II) Investments in the capital  
21          stock or obligations of, and any other  
22          security issued by, any service cor-  
23          poration if such service corporation  
24          derives at least 80 percent of its an-  
25          nual gross revenues from activities di-



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1 rectly related to purchasing, refinanc-  
2 ing, constructing, improving, or re-  
3 pairing domestic residential real es-  
4 tate or manufactured housing.

5 “(III) 200 percent of the dollar  
6 amount of loans and investments  
7 made to acquire, develop, and con-  
8 struct 1- to 4-family residences the  
9 purchase price of which is or is guar-  
10 anteed to be not greater than 60 per-  
11 cent of the median value of com-  
12 parable newly constructed 1- to 4-  
13 family residences within the local com-  
14 munity in which such real estate is lo-  
15 cated, except that not more than 25  
16 percent of the amount included under  
17 this subclause may consist of commer-  
18 cial properties related to the develop-  
19 ment if those properties are directly  
20 related to providing services to resi-  
21 dents of the development.

22 “(IV) 200 percent of the dollar  
23 amount of loans for the acquisition or  
24 improvement of residential real prop-  
25 erty, churches, schools, and nursing

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1 homes located within, and loans for  
2 any other purpose to any small busi-  
3 nesses located within any area which  
4 has been identified by the Comptroller  
5 of the Currency, acting through the  
6 Director, in connection with any re-  
7 view or examination of community re-  
8 investment practices, as a geographic  
9 area or neighborhood in which the  
10 credit needs of the low- and moderate-  
11 income residents of such area or  
12 neighborhood are not being adequately  
13 met.

14 “(V) Loans for the purchase or  
15 construction of churches, schools,  
16 nursing homes, and hospitals, other  
17 than those qualifying under clause  
18 (IV), and loans for the improvement  
19 and upkeep of such properties.

20 “(VI) Loans for personal, family,  
21 or household purposes (other than  
22 loans for personal, family, or house-  
23 hold purposes described in clause  
24 (ii)(VII)).

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1                   “(VII) Shares of stock issued by  
2                   the Federal Home Loan Mortgage  
3                   Corporation or the Federal National  
4                   Mortgage Association.

5                   “(iv) PERCENTAGE RESTRICTION AP-  
6                   PLICABLE TO CERTAIN ASSETS.—The ag-  
7                   gregate amount of the assets described in  
8                   clause (iii) which may be taken into ac-  
9                   count in determining the amount of the  
10                  qualified thrift investments of any savings  
11                  association shall not exceed the amount  
12                  which is equal to 20 percent of a savings  
13                  association’s portfolio assets.

14                  “(v) EXCLUSIONS FROM DEFINITION  
15                  OF QUALIFIED THRIFT INVESTMENTS.—  
16                  The term ‘qualified thrift investments’ ex-  
17                  cludes—

18                         “(I) except for home equity  
19                         loans, that portion of any loan or in-  
20                         vestment that is used for any purpose  
21                         other than those expressly qualifying  
22                         under any subparagraph of clause (ii)  
23                         or (iii); or

24                         “(II) goodwill or any other intan-  
25                         gible asset.

1           “(D) CREDIT CARD.—The Comptroller of  
2           the Currency, acting through the Director, shall  
3           issue such regulations as may be necessary to  
4           define the term ‘credit card’.

5           “(E) SMALL BUSINESS.—The Comptroller  
6           of the Currency, acting through the Director,  
7           shall issue such regulations as may be necessary  
8           to define the term ‘small business’.

9           “(5) CONSISTENT ACCOUNTING REQUIRED.—

10           “(A) In determining the amount of a sav-  
11           ings association’s portfolio assets, the assets of  
12           any subsidiary of the savings association shall  
13           be consolidated with the assets of the savings  
14           association if—

15           “(i) Assets of the subsidiary are con-  
16           solidated with the assets of the savings as-  
17           sociation in determining the savings asso-  
18           ciation’s qualified thrift investments; or

19           “(ii) Residential mortgage loans origi-  
20           nated by the subsidiary are included pur-  
21           suant to paragraph (4)(C)(iii)(I) in deter-  
22           mining the savings association’s qualified  
23           thrift investments.

24           “(B) In determining the amount of a sav-  
25           ings association’s portfolio assets and qualified

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1           thrift investments, consistent accounting prin-  
2           ciples shall be applied.

3           “(6) SPECIAL RULES FOR PUERTO RICO AND  
4           VIRGIN ISLANDS SAVINGS ASSOCIATIONS.—

5           “(A) PUERTO RICO SAVINGS ASSOCIA-  
6           TIONS.—With respect to any savings association  
7           headquartered and operating primarily in Puer-  
8           to Rico—

9                   “(i) the term ‘qualified thrift invest-  
10                  ments’ includes, in addition to the items  
11                  specified in paragraph (4)—

12                           “(I) the aggregate amount of  
13                          loans for personal, family, edu-  
14                          cational, or household purposes made  
15                          to persons residing or domiciled in the  
16                          Commonwealth of Puerto Rico; and

17                           “(II) the aggregate amount of  
18                          loans for the acquisition or improve-  
19                          ment of churches, schools, or nursing  
20                          homes, and of loans to small busi-  
21                          nesses, located within the Common-  
22                          wealth of Puerto Rico; and

23                           “(ii) the aggregate amount of loans  
24                          related to the purchase, acquisition, devel-

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1                   opment and construction of 1- to 4-family  
2                   residential real estate—

3                   “(I) which is located within the  
4                   Commonwealth of Puerto Rico; and

5                   “(II) the value of which (at the  
6                   time of acquisition or upon completion  
7                   of the development and construction)  
8                   is below the median value of newly  
9                   constructed 1- to 4-family residences  
10                  in the Commonwealth of Puerto Rico,  
11                  which may be taken into account in  
12                  determining the amount of the quali-  
13                  fied thrift investments and of such  
14                  savings association shall be doubled.

15                  “(B) VIRGIN ISLANDS SAVINGS ASSOCIA-  
16                  TIONS.—With respect to any savings association  
17                  headquartered and operating primarily in the  
18                  Virgin Islands—

19                  “(i) the term ‘qualified thrift invest-  
20                  ments’ includes, in addition to the items  
21                  specified in paragraph (4)—

22                  “(I) the aggregate amount of  
23                  loans for personal, family, edu-  
24                  cational, or household purposes made

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1 to persons residing or domiciled in the  
2 Virgin Islands; and

3 “(II) the aggregate amount of  
4 loans for the acquisition or improve-  
5 ment of churches, schools, or nursing  
6 homes, and of loans to small busi-  
7 nesses, located within the Virgin Is-  
8 lands; and

9 “(ii) the aggregate amount of loans  
10 related to the purchase, acquisition, devel-  
11 opment and construction of 1- to 4-family  
12 residential real estate—

13 “(I) which is located within the  
14 Virgin Islands; and

15 “(II) the value of which (at the  
16 time of acquisition or upon completion  
17 of the development and construction)  
18 is below the median value of newly  
19 constructed 1- to 4-family residences  
20 in the Virgin Islands, which may be  
21 taken into account in determining the  
22 amount of the qualified thrift invest-  
23 ments and of such savings association  
24 shall be doubled.

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1           “(7) TRANSITIONAL RULE FOR CERTAIN SAV-  
2       INGS ASSOCIATIONS.—

3           “(A) IN GENERAL.—If any Federal savings  
4       association in existence as a Federal savings as-  
5       sociation on the date of enactment of the Fi-  
6       nancial Institutions Reform, Recovery, and En-  
7       forcement Act of 1989—

8           “(i) that was chartered as a savings  
9       bank or a cooperative bank under State  
10      law before October 15, 1982; or

11          “(ii) that acquired its principal assets  
12      from an association that was chartered be-  
13      fore October 15, 1982, as a savings bank  
14      or a cooperative bank under State law,  
15      meets the requirements of subparagraph (B),  
16      such savings association shall be treated as a  
17      qualified thrift lender during the period ending  
18      on September 30, 1995.

19          “(B) SUBPARAGRAPH (B) REQUIRE-  
20      MENTS.—A savings association meets the re-  
21      quirements of this subparagraph if, in the de-  
22      termination of the Comptroller of the Currency,  
23      acting through the Director—

24          “(i) the actual thrift investment per-  
25      centage of such association does not, after



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1 the date of enactment of the Financial In-  
2 stitutions Reform, Recovery, and Enforce-  
3 ment Act of 1989, decrease below the ac-  
4 tual thrift investment percentage of such  
5 association on July 15, 1989; and

6 “(ii) the amount by which—

7 “(I) the actual thrift investment  
8 percentage of such association at the  
9 end of each period described in the  
10 following table, exceeds

11 “(II) the actual thrift investment  
12 percentage of such association on July  
13 15, 1989,

14 is equal to or greater than the applicable  
15 percentage (as determined under the fol-  
16 lowing table) of the amount by which 70  
17 percent exceeds the actual thrift invest-  
18 ment percentage of such association on  
19 such date of enactment:

<b>For the following period:</b>	<b>The applicable percentage is:</b>
July 1, 1991–September 30, 1992 .....	25 percent
October 1, 1992–March 31, 1994 .....	50 percent
April 1, 1994–September 30, 1995 .....	75 percent
Thereafter .....	100 percent

20 “(C) For purposes of this paragraph, the  
21 actual thrift investment percentage of an asso-  
22 ciation on July 15, 1989, shall be determined  
23 by applying the definition of ‘actual thrift in-

1 vestment percentage' that takes effect on July  
2 1, 1991.

3 “(g) MUTUAL HOLDING COMPANIES.—

4 “(1) IN GENERAL.—A savings association oper-  
5 ating in mutual form may reorganize so as to be-  
6 come a holding company by—

7 “(A) chartering an interim savings associa-  
8 tion, the stock of which is to be wholly owned,  
9 except as otherwise provided in this section, by  
10 the mutual association; and

11 “(B) transferring the substantial part of  
12 its assets and liabilities, including all of its in-  
13 sured liabilities, to the interim savings associa-  
14 tion.

15 “(2) DIRECTORS AND CERTAIN ACCOUNT HOLD-  
16 ERS' APPROVAL OF PLAN REQUIRED.—A reorganiza-  
17 tion is not authorized under this subsection unless—

18 “(A) a plan providing for such reorganiza-  
19 tion has been approved by a majority of the  
20 board of directors of the mutual savings asso-  
21 ciation; and

22 “(B) in the case of an association in which  
23 holders of accounts and obligors exercise voting  
24 rights, such plan has been submitted to and ap-  
25 proved by a majority of such individuals at a

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1 meeting held at the call of the directors in ac-  
2 cordance with the procedures prescribed by the  
3 association's charter and bylaws.

4 “(3) NOTICE TO THE DIRECTOR; DISAPPROVAL  
5 PERIOD.—

6 “(A) NOTICE REQUIRED.—At least 60  
7 days prior to taking any action described in  
8 paragraph (1), a savings association seeking to  
9 establish a mutual holding company shall pro-  
10 vide written notice to the Comptroller of the  
11 Currency. The notice shall contain such rel-  
12 evant information as the Comptroller of the  
13 Currency, acting through the Director, shall re-  
14 quire by regulation or by specific request in  
15 connection with any particular notice.

16 “(B) TRANSACTION ALLOWED IF NOT DIS-  
17 APPROVED.—Unless the Comptroller of the  
18 Currency, acting through the Director, within  
19 such 60-day notice period disapproves the pro-  
20 posed holding company formation, or extends  
21 for another 30 days the period during which  
22 such disapproval may be issued, the savings as-  
23 sociation providing such notice may proceed  
24 with the transaction, if the requirements of  
25 paragraph (2) have been met.

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1           “(C) GROUNDS FOR DISAPPROVAL.—The  
2           Comptroller of the Currency, acting through the  
3           Director, may disapprove any proposed holding  
4           company formation only if—

5                   “(i) such disapproval is necessary to  
6                   prevent unsafe or unsound practices;

7                   “(ii) the financial or management re-  
8                   sources of the savings association involved  
9                   warrant disapproval;

10                  “(iii) the savings association fails to  
11                  furnish the information required under  
12                  subparagraph (A); or

13                  “(iv) the savings association fails to  
14                  comply with the requirement of paragraph  
15                  (2).

16           “(D) RETENTION OF CAPITAL ASSETS.—In  
17           connection with the transaction described in  
18           paragraph (1), a savings association may, sub-  
19           ject to the approval of the Comptroller of the  
20           Currency (acting through the Director), retain  
21           capital assets at the holding company level to  
22           the extent that such capital exceeds the associa-  
23           tion’s capital requirement established by the  
24           Comptroller of the Currency, acting through the

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1 Director, pursuant to subsections (s) and (t) of  
2 section 5.

3 “(4) OWNERSHIP.—

4 “(A) IN GENERAL.—Persons having own-  
5 ership rights in the mutual association pursuant  
6 to section 5(b)(1)(B) of this Act or State law  
7 shall have the same ownership rights with re-  
8 spect to the mutual holding company.

9 “(B) HOLDERS OF CERTAIN ACCOUNTS.—  
10 Holders of savings, demand or other accounts  
11 of—

12 “(i) a savings association chartered as  
13 part of a transaction described in para-  
14 graph (1); or

15 “(ii) a mutual savings association ac-  
16 quired pursuant to paragraph (5)(B),  
17 shall have the same ownership rights with re-  
18 spect to the mutual holding company as persons  
19 described in subparagraph (A) of this para-  
20 graph.

21 “(5) PERMITTED ACTIVITIES.—A mutual hold-  
22 ing company may engage only in the following activi-  
23 ties:

24 “(A) Investing in the stock of a savings as-  
25 sociation.

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1           “(B) Acquiring a mutual association  
2 through the merger of such association into a  
3 savings association subsidiary of such holding  
4 company or an interim savings association sub-  
5 sidiary of such holding company.

6           “(C) Subject to paragraph (6), merging  
7 with or acquiring another holding company, one  
8 of whose subsidiaries is a savings association.

9           “(D) Investing in a corporation the capital  
10 stock of which is available for purchase by a  
11 savings association under Federal law or under  
12 the law of any State where the subsidiary sav-  
13 ings association or associations have their home  
14 offices.

15           “(6) LIMITATIONS ON CERTAIN ACTIVITIES OF  
16 ACQUIRED HOLDING COMPANIES.—

17           “(A) NEW ACTIVITIES.—If a mutual hold-  
18 ing company acquires or merges with another  
19 holding company under paragraph (5)(C), the  
20 holding company acquired or the holding com-  
21 pany resulting from such merger or acquisition  
22 may only invest in assets and engage in activi-  
23 ties which are authorized under paragraph (5).

24           “(B) GRACE PERIOD FOR DIVESTING PRO-  
25 HIBITED ASSETS OR DISCONTINUING PROHIB-

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1           ITED ACTIVITIES.—Not later than 2 years fol-  
2           lowing a merger or acquisition described in  
3           paragraph (5)(C), the acquired holding com-  
4           pany or the holding company resulting from  
5           such merger or acquisition shall—

6                   “(i) dispose of any asset which is an  
7                   asset in which a mutual holding company  
8                   may not invest under paragraph (5); and

9                   “(ii) cease any activity which is an ac-  
10                  tivity in which a mutual holding company  
11                  may not engage under paragraph (5).

12               “(7) REGULATION.—A mutual holding company  
13               shall be chartered by the Comptroller of the Cur-  
14               rency, acting through the Director, and shall be sub-  
15               ject to such regulations as the Comptroller of the  
16               Currency, acting through the Director, may pre-  
17               scribe. A mutual holding company shall be subject to  
18               the other requirements of the Bank Holding Com-  
19               pany Act of 1956 regarding regulation of holding  
20               companies.

21               “(8) CAPITAL IMPROVEMENT.—

22                   “(A) PLEDGE OF STOCK OF SAVINGS ASSO-  
23                   CIATION SUBSIDIARY.—This section shall not  
24                   prohibit a mutual holding company from pledg-  
25                   ing all or a portion of the stock of a savings as-

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1       society chartered as part of a transaction de-  
2       scribed in paragraph (1) to raise capital for  
3       such savings association.

4       “(B) ISSUANCE OF NONVOTING SHARES.—  
5       This section shall not prohibit a savings asso-  
6       ciation chartered as part of a transaction de-  
7       scribed in paragraph (1) from issuing any non-  
8       voting shares or less than 50 percent of the vot-  
9       ing shares of such association to any person  
10      other than the mutual holding company.

11      “(9) INSOLVENCY AND LIQUIDATION.—

12      “(A) IN GENERAL.—Notwithstanding any  
13      provision of law, upon—

14      “(i) the default of any savings asso-  
15      ciation—

16      “(I) the stock of which is owned  
17      by any mutual holding company; and

18      “(II) which was chartered in a  
19      transaction described in paragraph  
20      (1);

21      “(ii) the default of a mutual holding  
22      company; or

23      “(iii) a foreclosure on a pledge by a  
24      mutual holding company described in para-  
25      graph (8)(A),



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1 a trustee shall be appointed receiver of such  
2 mutual holding company and such trustee shall  
3 have the authority to liquidate the assets of,  
4 and satisfy the liabilities of, such mutual hold-  
5 ing company pursuant to title 11, United States  
6 Code.

7 “(B) DISTRIBUTION OF NET PROCEEDS.—  
8 Except as provided in subparagraph (C), the  
9 net proceeds of any liquidation of any mutual  
10 holding company pursuant to subparagraph (A)  
11 shall be transferred to persons who hold owner-  
12 ship interests in such mutual holding company.

13 “(C) RECOVERY BY CORPORATION.—If the  
14 Corporation incurs a loss as a result of the de-  
15 fault of any savings association subsidiary of a  
16 mutual holding company which is liquidated  
17 pursuant to subparagraph (A), the Corporation  
18 shall succeed to the ownership interests of the  
19 depositors of such savings association in the  
20 mutual holding company, to the extent of the  
21 Corporation’s loss.

22 “(10) DEFINITIONS.—For purposes of this sub-  
23 section—

24 “(A) MUTUAL HOLDING COMPANY.—The  
25 term ‘mutual holding company’ means a cor-

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1           poration organized as a holding company under  
2           this subsection.

3           “(B) MUTUAL ASSOCIATION.—The term  
4           ‘mutual association’ means a savings associa-  
5           tion which is operating in mutual form.

6           “(C) DEFAULT.—The term ‘default’ means  
7           an adjudication or other official determination  
8           of a court of competent jurisdiction or other  
9           public authority pursuant to which a conserva-  
10          tor, receiver, or other legal custodian is ap-  
11          pointed.

12          “(h) MERGERS, CONSOLIDATIONS, AND OTHER AC-  
13          QUISITIONS AUTHORIZED.—

14               “(1) IN GENERAL.—Subject to sections 5(d)(3)  
15               and 18(c) of the Federal Deposit Insurance Act and  
16               all other applicable laws, any Federal savings asso-  
17               ciation may acquire or be acquired by any insured  
18               depository institution.

19               “(2) EXPEDITED APPROVAL OF ACQUISI-  
20               TIONS.—

21               “(A) IN GENERAL.—Any application by a  
22               savings association to acquire or be acquired by  
23               another insured depository institution which is  
24               required to be filed with the Comptroller of the  
25               Currency under any applicable law or regulation

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1 shall be approved or disapproved in writing by  
2 the Comptroller of the Currency, acting through  
3 the Director, before the end of the 60-day pe-  
4 riod beginning on the date such application is  
5 filed with the agency.

6 “(B) EXTENSION OF PERIOD.—The period  
7 for approval or disapproval referred to in sub-  
8 paragraph (A) may be extended for an addi-  
9 tional 30-day period if the Comptroller of the  
10 Currency, acting through the Director, deter-  
11 mines that—

12 “(i) an applicant has not furnished all  
13 of the information required to be submit-  
14 ted; or

15 “(ii) in the judgment of the Comptrol-  
16 ler of the Currency, acting through the Di-  
17 rector, any material information submitted  
18 is substantially inaccurate or incomplete.

19 “(3) ACQUIRE DEFINED.—For purposes of this  
20 subsection, the term ‘acquire’ means to acquire, di-  
21 rectly or indirectly, ownership or control through a  
22 merger or consolidation or an acquisition of assets  
23 or assumption of liabilities, provided that following  
24 such merger, consolidation, or acquisition, an acquir-

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1       ing insured depository institution may not own the  
2       shares of the acquired insured depository institution.

3               “(4) REGULATIONS.—

4                       “(A) REQUIRED.—The Comptroller of the  
5               Currency, acting through the Director, shall  
6               prescribe such regulations as may be necessary  
7               to carry out paragraph (1).

8                       “(B) EFFECTIVE DATE.—The regulations  
9               required under subparagraph (A) shall—

10                               “(i) be prescribed in final form before  
11               the end of the 90-day period beginning on  
12               the date of the enactment of this sub-  
13               section; and

14                               “(ii) take effect before the end of the  
15               120-day period beginning on such date.

16               “(5) LIMITATION.—No provision of this section  
17       shall be construed to authorize a national bank or  
18       any subsidiary thereof to engage in any activity not  
19       otherwise authorized under the National Bank Act  
20       or any other law governing the powers of a national  
21       bank.”.

1 **SEC. 423. CONFORMING AMENDMENT RELATING TO MERG-**  
2 **ER OF DEPOSIT INSURANCE FUNDS.**

3 Section 2704(c) of the Economic Growth and Regu-  
4 latory Paperwork Reduction Act of 1996 is amended to  
5 read as follows:

6 “(c) EFFECTIVE DATE.—This section and the  
7 amendments made by this section shall take effect on Jan-  
8 uary 1, 2000.”.

9 **SEC. 424. CONFORMING AMENDMENTS TO THE FEDERAL**  
10 **HOME LOAN BANK ACT.**

11 (a) AMENDMENT TO SECTION 18.—Section 18(c) of  
12 the Federal Home Loan Bank Act (12 U.S.C. 1438(c))  
13 is repealed.

14 (b) AMENDMENT TO SECTION 22.—Section 22(a) of  
15 the Federal Home Loan Bank Act (12 U.S.C. 1442(a))  
16 is amended by striking “, and the Director of the Office  
17 of Thrift Supervision” each place such appears and insert-  
18 ing “and” before “the Chairperson of the National Credit  
19 Union Administration”.

20 (c) EFFECTIVE DATE.—This section shall become ef-  
21 fective 2 years after the date of enactment of this Act.

1     **Subtitle C—Combining OTS and**  
2                     **OCC**

3     **SEC. 431. PROHIBITION OF MERGER OR CONSOLIDATION**  
4                     **REPEALED.**

5         Section 321 of title 31, United States Code, is  
6     amended by striking subsection (e).

7     **SEC. 432. SECRETARY OF THE TREASURY REQUIRED TO**  
8                     **FORMULATE PLANS FOR COMBINING OFFICE**  
9                     **OF THRIFT SUPERVISION WITH OFFICE OF**  
10                    **THE COMPTROLLER OF THE CURRENCY.**

11         (a) IN GENERAL.—Not later than 9 months after the  
12     date of the enactment of this Act, the Secretary of the  
13     Treasury, in consultation with the Director of the Office  
14     of Thrift Supervision and the Comptroller of the Currency,  
15     shall formulate a plan for consolidating the Office of  
16     Thrift Supervision with the Office of the Comptroller of  
17     the Currency by January 1, 2000.

18         (b) CONSULTATION.—In formulating the plan pursu-  
19     ant to subsection (a), the Secretary of the Treasury shall  
20     consult with the Board of Governors of the Federal Re-  
21     serve System with regard to the transfer of the regulation  
22     of savings and loan holding companies from the Director  
23     of the Office of Thrift Supervision to the Board.

24         (c) IMPLEMENTATION.—The Director of the Office of  
25     Thrift Supervision and the Comptroller of the Currency

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1 shall implement that plan, notwithstanding any other pro-  
2 vision of Federal banking laws.

3 **SEC. 433. OFFICE OF THRIFT SUPERVISION AND POSITION**  
4 **OF DIRECTOR OF THE OFFICE OF THRIFT SU-**  
5 **PERVISION ABOLISHED.**

6 Effective January 1, 2000, the Office of Thrift Su-  
7 pervision and the position of Director of the Office of  
8 Thrift Supervision are abolished.

9 **SEC. 434. RECONFIGURATION OF BOARD OF DIRECTORS OF**  
10 **FDIC AS A RESULT OF REMOVAL OF DIREC-**  
11 **TOR OF THE OFFICE OF THRIFT SUPER-**  
12 **VISION.**

13 (a) IN GENERAL.—Section 2(a)(1) of the Federal  
14 Deposit Insurance Act (12 U.S.C. 1812(a)(1)) is amended  
15 to read as follows:

16 “(1) IN GENERAL.—The management of the  
17 Corporation shall be vested in a Board of Directors  
18 consisting of 5 members—

19 “(A) 1 of whom shall be the Comptroller of  
20 the Currency; and

21 “(B) 4 of whom shall be appointed by the  
22 President, and with the advice and consent of  
23 the Senate, from among individuals who are  
24 citizens of the United States, 1 of whom shall  
25 have State bank supervisory experience.”.

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1 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

2 (1) Section 2(d)(2) of the Federal Deposit In-  
3 surance Act (12 U.S.C. 1812(d)(2)) is amended—

4 (A) by striking “or the office of Director  
5 of the Office of Thrift Supervision”;

6 (B) by striking “or such Director”;

7 (C) by striking “or the acting Director of  
8 the Office of Thrift Supervision, as the case  
9 may be”; and

10 (D) by striking “or Director”.

11 (2) Section 2(f)(2) of the Federal Deposit In-  
12 surance Act (12 U.S.C. 1812(f)(2)) is amended by  
13 striking “or of the Office of Thrift Supervision”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 subsections (a) and (b) shall take effect on January 1,  
16 2000.

17 **SEC. 435. CONTINUATION PROVISIONS.**

18 (a) CONTINUATION OF ORDERS, RESOLUTIONS, DE-  
19 TERMINATIONS AND REGULATIONS.—All orders, resolu-  
20 tions, determinations and regulations of the Office of  
21 Thrift Supervision that have been issued, made, prescribed  
22 or allowed to become effective by the Office of Thrift Su-  
23 pervision (including orders, resolutions, determinations  
24 and regulations that relate to the conduct of  
25 conservatorship and receiverships), or by a court of com-



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1 petent jurisdiction, and are in effect on the day before the  
2 date of enactment, shall continue in effect according to  
3 the terms of such orders, resolutions, determinations, and  
4 regulations and shall be enforceable by or against the ap-  
5 propriate successor agency until modified, terminated, set  
6 aside or superseded in accordance with applicable law by  
7 the appropriate successor agency or by a court of com-  
8 petent jurisdiction or by operation of law.

9 (b) CONTINUATION OF SUITS.—No action or other  
10 proceeding commenced by or against the Office of Thrift  
11 Supervision shall abate because of the enactment of this  
12 Act, except that the appropriate successor agency to the  
13 Office of Thrift Supervision shall be substituted for the  
14 Office of Thrift Supervision as a party to any such action  
15 or proceeding.

16 (c) CONTINUATION OF AGENCY SERVICES.—Any  
17 agency, department, or other instrumentality of the Unit-  
18 ed States, and any successor to such agency, department,  
19 or instrumentality, that was providing supporting services  
20 to the Office of Thrift Supervision shall—

21 (1) continue to provide such services, on a reim-  
22 bursable basis or as otherwise agreed before the date  
23 of enactment, to the Office of Thrift Supervision;  
24 and

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1           (2) consult with the Office of Thrift Supervision  
2           to coordinate and facilitate a prompt and reasonable  
3           completion or termination of such services.

4           (d) TRANSFER OF PROPERTY.—Not later than two  
5   years of the date of enactment, all property of the Office  
6   of Thrift Supervision shall be transferred to the Office of  
7   the Comptroller of the Currency, or another appropriate  
8   successor agency, in accordance with the division of re-  
9   sponsibilities and activities effected by this Act. For pur-  
10   poses of this subsection, the term “property” includes, but  
11   is not limited to, all interests in real property and all per-  
12   sonal property, including financial assets, computer hard-  
13   ware and software, furniture, fixtures, books, accounts,  
14   records, reports of examination, work papers and cor-  
15   respondence related to such reports of examination, and  
16   any information, materials, property, and assets not spe-  
17   cifically listed. The Secretary of the Treasury shall resolve  
18   any disagreement between successor agencies.